

CHANGES WITHOUT REGULATORY EFFECT UNDER
CALIFORNIA CODE OF REGULATIONS, TITLE 1, SECTION 100

Statement of Explanation

Title 18. Public Revenues

Rule 472. Valuation of Real Property Interests in Timeshare Estates and Timeshare Uses.

Rule 902. Unitary Property Value Indicators and Staff Discussions.

*Rule 904. Unitary and Nonunitary Property Value Determinations and Petitions for
Reassessment.*

A. Factual Basis

1. Rule 472

The State Board of Equalization (Board) adopted California Code of Regulations, title 18, section (Rule) 472, *Valuation of Real Property Interests in Timeshare Estates and Timeshare Uses*, in 1984 to prescribe the manner in which County Assessors shall determine the full value of the real property interest of a timeshare estate or a timeshare use for property tax purposes, pursuant to Revenue and Taxation Code (RTC) section 998. As relevant here, RTC section 998, subdivision (c), provided that, for purposes of section 998, the terms “‘time-share estate’ and ‘time-share use’ shall have the meanings set forth in Section 11003.5 of the Business and Professions Code,” prior to 2004. And, as a result, subdivision (a) of Rule 472 currently refers to a “timeshare estate or timeshare use, as defined in Section 11003.5 of the Business and Professions Code.”

However, section 4 of Assembly Bill No. (AB) 2252 (Stats. 2004, ch. 697) repealed Business and Professions Code (BPC) section 11003.5, including subdivisions (b) and (c), which formerly defined the terms “time-share estate” and “time-share use.” Section 14 of AB 2252 added chapter 2 (commencing with section 11210) to part 2 of division 4 of the BPC, which may be cited as the “Vacation Ownership and Time-share Act of 2004” (the Act), to provide more comprehensive state regulation of time-share plans and exchange programs, effective July 1, 2005. As relevant here, BPC section 11212 was included in the Act, and section 11212, subdivision (x), currently defines the terms “time-share estate” and “time-share use” for purposes of the Act. In addition, section 19 of AB 2252 amended RTC section 998, subdivision (c), to provide that, for purposes of section 998, the terms “‘time-share estate’ and ‘time-share use’ shall have the meanings set forth in paragraph (x) of Section 11212 of the Business and Professions Code.” Therefore, the proposed changes make Rule 472 consistent with the repeal

of BPC section 11003.5, the enactment of BPC section 11212, and the amendments to RTC section 998, subdivision (c), by replacing the reference to “Section 11003.5” of the BPC with a reference to “section 11212” of the BPC, so that subdivision (a) of Rule 472 refers to the current statutory definitions of “timeshare estate” and “timeshare use.”

The Board has determined that the proposed change to Rule 472 is appropriate for processing under California Code of Regulations, title 1, section (Rule) 100, subdivision (a)(6). This is because the changes updates a statutory cross-reference to make the regulation consistent with current law, the Board has no discretion to adopt a change that differ in substances from the proposed change, and the proposed change does not materially alter any requirement, right, responsibility, condition, prescription or other regulatory element of any California Code of Regulations provision.

2. Rules 902 and 904

Rule 902, *Unitary Property Value Indicators and Staff Discussions*, currently refers to the “Valuation Division” as the Board’s division that prepares capitalization rate studies and develops value indicators applicable to the unitary property of each state assessee, and refers to the Chief of the “Valuation Division” as the person responsible for providing such information to each affected assessee upon request. However, as a result of a department-wide reorganization of the Board’s Property and Special Taxes Department, on January 1, 2007, the department no longer has a division called the “Valuation Division,” the duties formerly assigned to the “Valuation Division” were assigned to the newly created “State-Assessed Properties Division,” and the duties formerly assigned to Chief of the “Valuation Division” were assigned to the Chief of the newly created “State-Assessed Properties Division.”¹ The proposed changes replace Rule 902’s references to the “Valuation Division” and the Chief of the “Valuation Division” with references to the “State-Assessed Properties Division” and the Chief of the “State-Assessed Properties Division” to make Rule 902 consistent with names of the division and the chief of the division responsible for performing the duties referred to in the rule. In addition, the proposed changes will make Rule 902 consistent with Rules for Tax Appeals Regulations² 5311, *Definitions*, and 5322, *Information Available to Assesseees; Assessment Factor Hearings*, which were both adopted in 2007, and respectively define “State-Assessed Properties Division” and explain that that “State-Assessed Properties Division” is currently responsible for performing the capitalization rate studies and developing the value indicators referred to in Rule 902.

¹For more information regarding the department-wide reorganization, see Letter to Assessors 2007/009, *Realignment of the Property and Special Taxes Department*, available on the Board’s website at www.boe.ca.gov/proptaxes/pdf/lta07009.pdf.

² The Rules for Tax Appeals Regulations are codified in division 2.1 of title 18 of the California Code of Regulations.

Similar to Rule 902, discussed above, Rule 904, *Unitary and Nonunitary Property Value Determinations and Petitions for Reassessment*, also refers to the Chief of the “Valuation Division,” in this case, to identify the Chief of the “Valuation Division” as the person responsible for notifying state assesses of unitary and nonunitary property value determinations, allocated assessed unitary values, and of their deadlines to file petitions for reassessment and petitions for correction. In addition, subdivision (a) of Rule 904 contains a typographical error where it states that a petition for reassessment must be filed, if at all, “not later *then* July 20.” (Emphasis added.) Because of the department-wide reorganization of the Board’s Property and Special Taxes Department, as described above, the duties formerly assigned to the Chief of the “Valuation Division” were assigned to the chief of the newly created “State-Assessed Properties Division.” The proposed changes update Rule 904 by replacing the references to the Chief of the “Valuation Division” with references to the Chief of the “State-Assessed Properties Division.” In addition, the proposed changes make subdivision (a) of Rule 904 grammatically correct by replacing “then” with “than.”

The Board has determined that the proposed changes to Rules 902 and 904 are appropriate for processing under Rule 100. This is because the changes update Rules 902 and 904 to refer to the Board’s division or the chief of the Board’s division currently responsible for performing the duties referred to in the rules, but do not alter the duties that the Board’s staff is required to perform under both rules. The changes correct a typographical error in Rule 902, as permitted by Rule 100, subdivision (a)(4). And, as a result, the changes do not materially alter any requirement, right, responsibility, condition, prescription or other regulatory element of any California Code of Regulations provision.

B. Proposed Changes

The following Rule 100 changes are proposed to Rules 472, 902, and 904:

TEXT OF PROPOSED CHANGES

472. Valuation of Real Property Interests in Timeshare Estates and Timeshare Uses.

(a) The full value of the real property interest of a timeshare estate or a timeshare use, as defined in ~~Section 11003.5~~section 11212 of the Business and Professions Code, shall be determined in accordance with the provisions of this section.

(b) . . . (unchanged):

(1) . . . (unchanged).

(2) . . . (unchanged).

(c) . . . (unchanged).

(d) . . . (unchanged).

(e) . . . (unchanged):

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged).

(4) . . . (unchanged).

(5) . . . (unchanged).

(6) . . . (unchanged).

(f) . . . (unchanged).

(g) . . . (unchanged).

(h) . . . (unchanged):

(1) . . . (unchanged).

(2) . . . (unchanged).

(i) . . . (unchanged).

(j) . . . (unchanged).

(k) . . . (unchanged).

Note: Authority cited: Section 15606, Government Code; and Section 998(e), Revenue and Taxation Code. Reference: Section 998, Revenue and Taxation Code.

902. Unitary Property Value Indicators and Staff Discussions.

Each year the ~~Valuation~~State-Assessed Properties Division shall make capitalization rate studies and develop value indicators applicable to the unitary property of each state assessee. A copy of the appropriate capitalization rate study and a summary of the calculations of the value indicators shall be provided by the Chief, ~~Valuation~~State-Assessed Properties Division, to the affected assessee on request. The assessee shall be informed that the staff will be available to discuss the data supplied.

Note: Authority cited: Section 15606, Government Code. Reference: Section 721, Revenue and Taxation Code.

904. Unitary and Nonunitary Property Value Determinations and Petitions for Reassessment.

(a) As soon as practical, the staff shall transmit unitary-value recommendations to the Board. Following this, but no later than May 31 each year, the Board will make and publicly announce individual value determinations. The Chief of the ~~Valuation~~State-Assessed Properties Division shall notify the state assessee of the values determined by the Board and the fact that a petition for reassessment of the unitary property must be filed, if at all, not later ~~than~~on or before July 20 of the year of the notice. The notice shall be accompanied by a copy of an appraisal data sheet containing the staff value indicators and value recommendation to the Board.

(b) On or before the last day of July, the Chief of the ~~Valuation~~State-Assessed Properties Division shall notify the state assessee of the values of nonunitary property. This notice shall inform the assessee that a petition for reassessment of nonunitary property must be filed, if at all, not later than September 20 of the year of the notice.

(c) On or before June 15, the Chief of the ~~Valuation~~State-Assessed Properties Division shall transmit notices of allocated assessed unitary values to each assessee. This notice will inform each assessee that a petition for a correction of an allocated assessment must be filed, if at all, no later than July 20 of the year of the notice.

Note: Authority cited: Section 15606, Government Code. Reference: Sections 731, 732, and 746, Revenue and Taxation Code.